

OFFICE OF THE STATE CONTROLLER
1998 CAFR FOOTNOTES— INSTRUCTIONS
CASH AND CASH EQUIVALENTS IN BANKS OUTSIDE THE STATE TREASURER

CAFR Footnote Ref. No. 4

Step 1 Worksheet C-1 (Page 9)—Cash And Cash Equivalents In Banks Outside The State Treasurer

Insert on worksheet C-1 the **book balance** from the appropriate balance sheet account(s) in column (A).
(NOTE: Only one GASB Fund type per worksheet.)

Step 2 Worksheet C-2 (Page 10)—Cash And Cash Equivalents In Banks Outside The State Treasurer—Method Of Collateralization

Insert the totals for **Total Cash by Bank** in column (A) on worksheet C-2. The totals by bank for *Demand Accounts* (noninterest bearing check and cash with fiscal agent) and *Time Accounts* (savings accounts, NOW accounts, money market accounts, interest bearing checking accounts, and pooled cash accounts) must be added together before entering them on worksheet C-2.

Disclose the method of collateralization. The amount covered by FDIC should be shown in column (B). For each financial institution that maintains deposits of the entity, the Federal Deposit Insurance Corporation (FDIC) insures all noninterest bearing checking accounts combined up to \$100,000. For savings accounts and other time deposits combined, FDIC insures them up to \$100,000. When an entity holds deposits in a fiduciary capacity (*examples:* patient personal funds, inmate funds, and Clerk of Court institutional funds), FDIC insures each individual's deposit up to \$100,000 if the entity's records can identify those deposits of each individual. Deposits held by an insured institution in a trust department or in some other fiduciary capacity (**such as a fiscal agent**) will be insured for up to \$100,000 for each depositor **and will be insured separately from any other deposits of the depositor at the same institution.** **(NOTE: The FDIC insurance coverage is for deposits per financial institution, not for deposits per account.)**

Any uninsured deposits which are collateralized by securities held by the state's agent in the state's name should be shown in column (C). Any uninsured deposits which are collateralized by securities held by the pledging bank's trust department in the state's name should be shown in column (D). Contact each financial institution to obtain collateralization information for any uninsured deposits.

According to the North Carolina Administrative Code - Title 20, Chapter 7—The only public deposits which can legally be collateralized by financial institutions are those of the State Treasurer, Medical Faculty Practice Plans (MFPP), and Dental Faculty Practice Plans (DFPP). The deposits of the Clerks of the Superior Courts are required by G.S. 7A-112 to be collateralized by the financial institutions.

Any deposits which are not collateralized by methods in columns (B), (C), and (D) should be shown in column (E).

Total the amounts in columns (B), (C), (D), and (E) for each financial institution and show the totals in column (F). The totals in column (F) should agree to the amounts in column (A).

Step 3 Footnote Worksheet C-3 (Page 11)—Cash And Cash Equivalents In Banks Outside The State Treasurer—Summary Worksheet For All GASB Funds

Total the book balances for each GASB Fund from column (A) on worksheet C-1 and show the sum in column (A) on worksheet C-3.

The total bank balances and the totals of the methods of collateralization from footnote worksheet C-2 can be inserted in columns (B), (C), (D), (E), (F) and (G) on footnote worksheet C-3.

Step 4 Submit one copy of all June 30 bank statements for checking (noninterest and interest bearing), fiscal agent reports, savings, NOW, Money Market, and pooled cash accounts along with the cash and investment footnote worksheets.

Step 5 If Account 111190— Cash in Banks-Other Accounts—is used, provide a detailed explanation of what makes up this control amount. Also provide photocopies of all bank statements with the cash and investment footnote worksheets.

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POOLED CASH

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Step 1 Footnote Worksheet C-4 (Page 13)—Pooled Cash

Insert the book balance from the appropriate balance sheet account for each type of cash and cash equivalent which is pooled with the State Treasurer in column (A) on footnote worksheet C-4. For column (A), total lines (1) through (9) and show the sum on line (10).

In column (A), total pooled cash on line (10) must agree with total pooled cash per CAFR 11/11C on line (11).

Step 2 Footnote Worksheet C-5 (Page 14)—Pooled Cash—Summary Worksheet—All GASB Funds

Total the book balance for each GASB Fund from column (A) on worksheet C-4 and show the sum in column (A) on worksheet C-5.

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INVESTMENTS HELD OUTSIDE THE STATE TREASURER

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NOTE: If you have any questions about how to categorize types of investments, refer to the definitions and terms which have been provided with the Cash and Investments footnote worksheets.

Step 1 Footnote Worksheet C-6 (Page 18)—Investments Held Outside The State Treasurer—Not Held By A Fiscal Agent

Insert the **carrying values** for each type of investment from the appropriate balance sheet account plus the allowance account (112150) in **column (A)** on footnote worksheet C-6. Generally, most investments will be reported at fair value in accordance with GASB 31. See the note on the C-6 for exceptions. Those investments should be reported at book value (cost) but the fair value should be given in column B for note disclosure.

Evaluate the investments listed in column (A) which are categorized (line 1-12) and disclose the Level of Risk for those investments in **columns (B), (C), and (D)**.

Levels of Risk

Category 1: Investments that are insured or registered, or are held by the State or its agent in the State's name.

Example: If a broker or dealer is a member of the Securities Investor Protection Corporation (SIPC), its customers' accounts are insured up to a maximum of \$500,000, including up to \$100,000 for cash. Any amount of securities and/or cash which exceeds \$500,000 should be categorized in category 3 unless the securities are registered in the entity's name.

Example: A registered security has the name of the entity written on its face. Such security cannot be negotiated except by the endorsement of the owner.

Example: Investments held in the entity's name and in its vault should be classified as category 1.

Category 2: Uninsured and unregistered investments which are held by the financial institution's trust department or agent **in the State's name**.

Example: If the internal records of the financial institution's trust department can identify the investments as owned by the entity, the investments should be categorized in category 2. Any individual account designated for the entity by internal records of the financial institution's trust department should be categorized in category 2 even if not in the entity's name.

NOTE: However, if the financial institution's trust department actually buys and sells the securities held within the trust accounts, these securities would be classified as **category 3**.

Category 3: Uninsured and unregistered investments which are held by the broker or dealer, or by its trust department or agent, but **not in the State's name**.

Example: Any securities held in the financial institution's safekeeping department are categorized as category 3.

Example: See note under category 2.

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Step 2 Footnote Worksheet C-7 (Page 19)—Investments Held Outside The State Treasurer—Cash With A Fiscal Agent (Account 112121) and Allowance ; Investments With A Fiscal Agent (Account 112122)

Identify the fiscal agent on each C-7 worksheet. NOTE: If there is more than one fiscal agent holding cash and investments for any one GASB Fund type, prepare one footnote worksheet C-7 for each fiscal agent.

Insert the **carrying values** for each type of investment from the appropriate balance sheet account plus the allowance account (112151) in **column (A)** on footnote worksheet C-7. Generally, most investments will be reported at fair value in accordance with GASB 31. See the note on the C-7 for exceptions. Those investments should be reported at book value (cost) but the fair value should be given in column B for note disclosure.

Evaluate the investments listed in column (A) which are categorized (line 1-12) and disclose the Level of Risk for those investments in **columns (B), (C), and (D)**.

Levels of Risk

Category 1: Investments that are insured or registered, or are held by the State or its agent in the State's name.

Example: If a broker or dealer is a member of the Securities Investor Protection Corporation (SIPC), its customers' accounts are insured up to a maximum of \$500,000, including up to \$100,000 for cash. Any amount of securities and/or cash which exceeds \$500,000 should be categorized in category 3 unless the securities are registered in the entity's name.

Example: A registered security has the name of the entity written on its face. Such security cannot be negotiated except by the endorsement of the owner.

Example: Investments held in the entity's name and in its vault should be classified as category 1.

Category 2: Uninsured and unregistered investments which are held by the financial institution's trust department or agent **in the State's name**.

Example: If the internal records of the financial institution's trust department can identify the investments as owned by the entity, the investments should be categorized in category 2. Any individual account designated for the entity by internal records of the financial institution's trust department should be categorized in category 2 even if not in the entity's name.

NOTE: However, if the financial institution's trust department actually buys and sells the securities held within the trust accounts, these securities would be classified as **category 3**.

Category 3: Uninsured and unregistered investments which are held by the broker or dealer, or by its trust department or agent, but **not in the State's name**.

Example: Any securities held in the financial institution's safekeeping department are categorized as category 3.

Example: See note under category 2.

If the fiscal agent is holding any cash, insert on **line (26)** the book balance in **column (A)**. Transfer this balance to worksheet C-1, line 3, column A.

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Step 3 Footnote Worksheet C-8 (Page 20)—Investments Held Outside The State Treasurer—Summary Worksheet

Total columns (A), (B), (C), and (D) on each footnote worksheet C-6 and C-7 and show the totals in the respective columns on footnote worksheet C-8.

Step 4 Footnote Worksheet C-9 (Page 21)—Investments Held Outside The State Treasurer—Method Of Collateralization

On worksheet C-9, list the **carrying values** for **certificates of deposit, investment agreements, and bank investment contracts** in **column (A)**. The total carrying values for certificates of deposit, investment agreements, and bank investment contracts on worksheet C-9 should be brought forward from the corresponding carrying value on worksheet C-8. (**NOTE:** For certificates of deposit, the carrying value should equal the bank balance. For investment agreements and bank investment contracts, the book value plus any accrued interest as of June 30, 1998 should equal the fair value.)

On worksheet C-9, list each financial institution and the respective unreconciled bank balance for certificates of deposit, investment agreements and bank investment contracts for the total of all GASB funds in **column (B)**. The totals in column (B) on worksheet C-9 for certificates of deposit, investment agreements, and bank investment contracts should agree to the respective totals in column (A) on worksheet C-8 provided investment agreements and bank investment contracts are insured by FDIC.

Disclose the method of collateral in columns (C) through (G). The amount covered by Federal Deposit Insurance Corporation (FDIC) should be shown in column (C). For each financial institution that maintains deposits of the entity, FDIC insures savings accounts and other time deposits such as certificates of deposit, investment agreements, and bank investment contracts combined up to \$100,000. When an entity holds deposits in a fiduciary capacity (*examples:* patient personal funds, inmate funds, and Clerk of Court institutional funds), FDIC insures each individual's deposit up to \$100,000 if the entity's records can identify those deposits of each individual. (**NOTE: The FDIC insurance coverage is for deposits per financial institution, not for deposits per account.**)

Any uninsured deposits which are collateralized by securities held by the State's agent in the State's name should be shown in column (D). Any uninsured deposits which are collateralized by securities held by the pledging bank's trust department in the State's name should be shown in column (E). Contact each financial institution to obtain collateralization information for any uninsured deposits.

According to the North Carolina Administrative Code - Title 20, Chapter 7—The only public deposits which can legally be collateralized by financial institutions are those of the State Treasurer, Medical Faculty Practice Plans (MFPP), and Dental Faculty Practice Plans (DFPP). The deposits of the Clerks of the Superior Courts are required by G.S. 7A-112 to be collateralized by the financial institutions.

Any deposits which are not collateralized by methods in columns (C), (D), and (E) should be shown in column (F) as "not collateralized."

Total the amounts in columns (C), (D), (E), and (F) and show the totals in column (G). The totals in column (G) should agree to the amounts in column (B).

Step 5 Submit one copy of each investment broker's and financial institution's trust department statements and each fiscal agent's report covering the period ended June 30 with these Cash and Investment footnote worksheets. Attach each fiscal agent's report directly to the appropriate worksheet C-7.

Step 6 Footnote Worksheet C-10 (Page 22)—Derivative Investments

On worksheet C-10, complete as indicated on the worksheet.

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POOLED INVESTMENTS

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Step 1 Footnote Worksheet C-11 (Page 26)—Pooled Investments

Insert the book balance from the appropriate balance sheet account(s) for each type of investment which is pooled with the State Treasurer in column (A) on worksheet C-11. Add lines (1) through (7) and show the sum on line (8).

Total pooled investments on line (8) must agree with total pooled investments per CAFR 11/11C on line (9).

Step 2 Footnote Worksheet C-12 (Page 27)—Pooled Investments—Summary Worksheet—All GASB Funds

Total the book balance for each GASB Fund from worksheet C-11 and show the sum in column (A) on worksheet C-12.

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1998 CAFR FOOTNOTES— AGENCIES
DEPOSITS AND INVESTMENTS— CAFR FOOTNOTE 4

FRU No. _____ Agency Name _____

<u>Worksheet Title</u>	<u>Page Number</u>		<u>Submitted</u>
	<u>Instructions</u>	<u>Worksheet</u>	
Cash and Investments—Definitions and Terms		2 - 7	
Cash and Cash Equivalents in Banks			
Outside the State Treasurer			
Instructions	8		
Worksheets C-1, C-2, C-3		9 - 11	_____
Pooled Cash			
Instructions	12		
Worksheets C-4, C-5.....		13 - 14	_____
Investments Held Outside the State Treasurer			
Instructions	15 - 17		
Worksheets C-6, C-7, C-8, C-9, C-10		18 - 24	_____
Pooled Investments			
Instructions	25		
Worksheets C-11, C-12.....		26 - 27	_____

DO NOT return a copy of the definitions and instructions with your Deposits and Investments worksheets.

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1998 CAFR FOOTNOTES— UNIVERSITIES
DEPOSITS AND INVESTMENTS— CAFR FOOTNOTE 4

FRU No. _____ University Name _____

<u>Worksheet Title</u>	<u>Page Number</u>		<u>Submitted</u>
	<u>Instructions</u>	<u>Worksheet</u>	
Cash and Investments—Definitions and Terms		2 - 7	
Cash and Cash Equivalents in Banks			
Outside the State Treasurer			
Instructions	8		
Worksheets C-1, C-2, C-3,		9 - 11	_____
Pooled Cash			
Instructions	12		
Worksheets C-4, C-5.....		13 - 14	_____
Investments Held Outside the State Treasurer			
Instructions	15 - 17		
Worksheets C-6, C-7, C-8, C-9, C-10.....		18 - 24	_____
Pooled Investments			
Instructions	25		
Worksheets C-11, C-12.....		26 - 27	_____

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1998 CAFR FOOTNOTES— INTERFACE AGENCIES
DEPOSITS AND INVESTMENTS— CAFR FOOTNOTE 4

FRU No. _____ Agency Name _____

<u>Worksheet Title</u>	<u>Page Number</u>		<u>Submitted</u>
	<u>Instructions</u>	<u>Worksheet</u>	
Cash and Investments—Definitions and Terms		2 - 7	
Cash and Cash Equivalents in Banks			
Outside the State Treasurer			
Instructions	8		
Worksheets C-1, C-2, C-3,		9 - 11	_____
Pooled Cash			
Instructions	12		
Worksheets C-4, C-5.....		13 - 14	_____
Investments Held Outside the State Treasurer			
Instructions	15 - 17		
Worksheets C-6, C-7, C-8, C-9, C-10.....		18 - 24	_____
Pooled Investments			
Instructions	25		
Worksheets C-11, C-12.....		26 - 27	_____

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